

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes*

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QUOTE OF THE WEEK

*"The best way of avenging thyself
is not to become like the wrong-doer."*

*--- Marcus Aurelius Antoninus
(121 AD -180 AD) Roman Emperor, 161-180 AD*

UNDER THE DOME

*****Office Politics*****

My take on the Assembly office shenanigans where Speaker Nunez (D- Los Angeles) punished Todd Spitzer (R-Santa Ana) by moving him into a very small office is that Assemblymember Audra Strickland (R- Thousand Oaks) has even worse space -- a windowless office that can only be entered by going down steps into what once was the closet for telephone wiring. Is she being punished? Also, since office space in the capitol is pretty much fixed, if there is a loser then there is a winner. Does it mean that Speaker Nunez is rewarding Assemblyman Paul Cook (R- Yucca Valley) by moving him into Spitzer's old office?

The upshot is the Speaker looks petty, the Republicans look "shocked" that the Speaker does not like them, and Todd Spitzer will be just as effective a spokesman for the victims of crime and prison reform as he ever was.

*****Californians Pay Enough Taxes*****

The May Revision to the Budget was released and the state is in serious fiscal trouble. This means inevitable pressure for "revenue enhancements," which is Sacramento slang for "higher taxes". Those who oppose higher taxes will find good grounds for doing so in the latest Tax Foundation study on the federal tax burden. Among the top twenty "major city areas" for federal tax burden per household, five are in California. San Francisco comes in second overall with an average federal tax burden of \$36,409. Next is San Jose at \$34,577. Orange County (\$27,062), Oakland (\$24,818), and Ventura (\$24,249) all made the list.

The study is here:

<http://www.taxfoundation.org/files/sr150.pdf>

The point is the household tax burden is already high in this state. With a declining real estate market, efforts to solve the structural state deficit by getting even more taxes out of Californians will likely not succeed. Remember, Governor Pete Wilson hiked taxes in 1991 because the state was in fiscal trouble. The revenues from that tax hike came in about 20 percent shy of estimates and arguably made that recession worse.

AROUND THE STATE

*****Product Improvements*****

Former Governor Mitt Romney made a thought provoking comment regarding the difference between commerce and government. His family is associated with car manufacturing and he pointed out that no one in the company could ever be satisfied with last year's model. The question was: How can we make this car better? No matter how good the car was last year what can we do to improve customer satisfaction? Does government ever ask that question, or is the government satisfied to merely do the same as last year? I know first-hand that for most all of government last year's model is fine with everybody. That should not be the standard for government. Government has the same obligation to the taxpayers as business does to its customers, and that is making the product better.

Coincidentally, our speaker at the California Prayer Breakfast Ken Blanchard told a story about the California Department of Motor Vehicles. He had to renew his license and planned to spend at least half a day at the DMV. To his surprise, he was greeted at the door and quickly directed to the counter that could serve him. The counter person was friendly, helpful and eager to get Blanchard his new license. Nine minutes later he was finished, including the new photograph. As a world-renowned management consultant he had to know how this happened. He asked to speak to the director and was shown to a desk in the middle of the room, clearly not the hideaway corner office. The director said that DMV is under new management (shout out to Director George Valverde) and that they have a new mission. "Our mission at the DMV is to reorganize the department on a moment to moment basis depending on citizen need."

Imagine government changing itself to meet the needs of its citizens. If Valverde is not careful this might just catch on. My thanks to the employees at DMV who are working to improve services to their customers.

ISSUE FOCUS

*****How Will Mexico-U.S. Relations Evolve?*****

There was an interesting Associated Press story last week about a University of New Mexico Chicano Studies professor. The professor predicted that within this century there will be a new sovereign nation of predominantly Spanish-speaking people that will include California,

Arizona, New Mexico, Texas and several northern states of Mexico joined together as the Republica del Norte.

The main driver of this is that so many of the people here speak Spanish. A common language is a major determinant of what makes a nation. Consider the fact that more than half the residents of Los Angeles are Spanish speakers. If this trend continues, ideas like this regrettably could have legs.

Proposals I have seen in the past from Chicano activists advocated “returning” the states that became part of the U.S. as a result of the treaty-- and payment -- that ended the Spanish-American war. What I find interesting about this new version of that idea is that it seeks to break states away from Mexico as well as the U.S. This acknowledges that trade and immigration and other factors are drawing Northern Mexico and the Southwest U.S. closer together. Increased family ties, businesses interests, travel, second homes, and other factors are accelerating the closeness.

A lot of Americans react with horror that something like this could happen. I say that putting our heads in the sand is not the answer, so I am offering a counter-proposal to encourage people to think about alternatives. Going “outside the box” I say we should consider making an offer to Northern Mexico to join the U.S. -- adopting our language, our constitutional rights, and our economic freedoms.

I grant that inviting even more people who do not speak English to be citizens stretches the comfort level of Americans, but consider the upside. We could add 3 or 4 states to the U.S., increase the tax base, increase access to strategic resources, and have a border that is much shorter and more enforceable. Plus, bringing the people of Northern Mexico up to the living standards of average Americans would be a huge boost to our economy.

In other words, why should we allow our states to be stolen by infiltration when America could be making an offer that Mexico cannot refuse?

MISCELLANY

*****Remember the Fallen on Memorial Day*****

Memorial Day is when we remember the loss of our nation’s most precious resource – our own people. To mark this Memorial Day I set out to determine the number of Californians killed in military service to this country. The number as best that can be determined is estimated to be 35,399. The Department of the Army has provided a breakdown. I thank Congressman Doolittle’s staff for their assistance.

“Official within the Department of Defense, Statistical Information Analysis Division, provided the following numbers of members of the U.S. Armed Forces with California as their home of record, that were killed in various conflicts:

World War I

2,952

World War II	23,710
Korean War	2,762
Vietnam War	5,563
Haiti	2
Panama	2
Somalia	5
Desert Shield/Desert Storm	26
Operation Enduring Freedom	31
Operation Iraqi Freedom	346

A Good Read

One of my favorite columnists is Walter Williams. His straightforward, common sense approach to political, social and economic issues is quite welcome in a world overloaded with dull commentators. Thus, his book “More Liberty Means Less Government: Our Founders Knew This Well” is full of essays on the issues of the day that will enlighten, educate and entertain you. As a black man, he is able to speak about racial issues in ways that the politically correct environment does not allow others to do. For example, in introducing the section of the book that speaks to race, he writes: “Because the civil rights struggle is over and won does not mean that there are not major problems that confront blacks as a group. Heading the list is the fraudulent education received by most blacks youngsters, rampant crime in many black neighborhoods, family breakdown (more properly described as families not forming in the first place), and rampant illegitimacy....I argue that whatever racial discrimination exists today has little or nothing to do” with these most devastating problems. Williams is a refreshing voice and you will enjoy these brief essays immensely.

BOE AND LEGISLATIVE DATES

May 28, 2007 --- Memorial Day observed

May 31, 2007 --- Board of Equalization meets in Sacramento.

June 1, 2007 --- Board of Equalization meets in Sacramento.

June 8, 2007 --- Last day to pass bills out of house of origin (J.R. 61(a)(8)).

June 15, 2007 --- Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)).

June 19-21, 2007 --- Board of Equalization meets in Culver City.

July 4, 2007 --- Independence Day.

July 13, 2007 --- Last day for policy committees to hear and report bills (J.R. 61(a)(10)).

July 17-18, 2007 --- Board of Equalization meets in Sacramento.

July 20, 2007 --- Summer Recess begins on adjournment, provided Budget Bill has been passed (J.R. 51(a)(3)).

August 14-15, 2007 --- Board of Equalization meets in Sacramento.

August 20, 2007 --- Legislature reconvenes from Summer Recess (J.R. 51 (a)(3)).

NOTABLE DATES/ HISTORY

May 21, 1932 --- Amelia Earhart landed in Ireland from her take-off in Newfoundland, becoming the first woman to fly solo across the Atlantic.

May 21, 1961 --- President John F. Kennedy pledged to “landing a man on the moon and returning him safely to Earth before this decade is out.”

May 22, 1939 --- Adolf Hitler and Benito Mussolini signed the “Pact of Steel,” establishing the military alliance between Germany and Italy.

May 23, 1865 --- The U.S. flag was flown at full staff over White House for the first time since President Lincoln was shot.

May 24, 1844 --- The first telegraph message (“What hath God wrought!”) was sent from Washington, D.C. to Baltimore, Maryland by inventor Samuel Morse.

May 24, 1866 --- The town of Berkeley, California was named for George Berkeley, Bishop of Cloyne.

May 25, 1787 --- The Constitutional Convention, presided over by George Washington, opened in Philadelphia to establish a new U.S. Constitution.

May 26, 1521 --- The Edict of Worms outlawed German church reformer Martin Luther and his followers, the Lutherans.

May 26, 1805 --- Explorers Lewis and Clark first saw the Rocky Mountains.

May 27, 1647 --- The first recorded execution of a witch in America took place in Massachusetts.

May 27, 1937 --- The Golden Gate Bridge in San Francisco, opened and was, at that time, the longest suspension bridge.

May 28, 1958 --- Union Square in San Francisco was designated as a state historical landmark.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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